

Senator LeBeau, Representative Berger,, Senator Frantz, Representative Alberts, and members of the Commerce Committee, Good afternoon, my name is Eric Mueller. I am the owner of a small vending company in Cheshire, and I'm here today to testify in support of S.B. 177 an act to expand the tax exemption for the vending industry. As some of you know, the vending industry has been asking for these changes for a few years predicated upon

1. Tax Relief
2. Tax Fairness
3. Job restoration

The relief and fairness portion stem predominantly from diminished avenues to conduct business. Many of those avenues have been curbed or eliminated due to legislation that has negatively affected our industry. I have listed these in my written testimony, but will not be reading all of them as I have but 3 minutes to get my message across.

- Diminishing avenues to conduct business.
- Unprecedented rise in food costs.
- Increased competition from Operators in Massachusetts and New York with stronger sales tax exemptions (Our companies are being purchased and operations moved across State lines).
- Negative perception of our industry being responsible for the obesity epidemic.
- Difficulty with passing along the costs of increased gas prices (no invoicing).
- Unfair competition from smaller local operator's not observing local ordinances and proper licensing
- Our industry is mandated by the federal government to support BESB (Board of education and services for the blind). All vending taking place in any federal or state building is the property of BESB. We're grateful that they employ us to do some of their work, but all of these locations are their property.
- Peanut butter recall in which we are in the midst of. We are still unable to equate what the long term damage this will cause, but the short term damage is significant
- Last year's bottle bill and claiming of the escheats has resulted in price increases on all container's with an unusual burden to pass along to customer's due to customers interpretation that only water bottles had deposit's placed on them
- States throughout the Union have recognized the need for relief of sales tax for our industry.

What I will be reading, is the portion of my testimony that communicates how this legislation will have a positive effect on Jobs in our State.

- It is a well known fact that Vending Businesses spend most of their expenses locally. We are the equivalent of little stimulus packages in each town. An investment in our industry mirrors those investments into infrastructure. Many of those dollars make it back into the system to use again.
- We argue that this is a better investment than some other types of infrastructure, where once the project is completed, the Jobs are lost.
- Our industry is labor intensive. We provide some of the best jobs, many of them union Jobs with full benefits. The intensity of the labor demands this. Census data shows vending machine businesses had 3,650 paid employees and a total statewide payroll of \$14.6 million in 2005.
- The Jobs in our industry are diverse in their education and salary requirements. A greater percentage of the population can be effective in our industry than most others.
- This investment will be making it to existing small businesses.
- It is a known fact that most new Jobs are created by the small business sector.
- Our small businesses are already established, infrastructures in place, ready to invest in technology, giving much needed raises to employees, hiring new people, or exploring new ventures, either to sustain or grow their businesses. We already have the warehouses, vehicles, business plans and core staff in place.
- The realization that our industry is on its way to recovery, will inspire new entrepreneurs, and create new Jobs. But let's not overlook the value of the existing Jobs that will be enhanced. Enhancing Jobs is a surrogate to Job creation. Countless times, as recent as just a couple of weeks ago, I have had prospective hires decline employment, for the reason that what I was able to initially pay, was not worth the intensive labor for the difference between what the Job paid and the various assistance they were currently receiving. These are productive people with strong past performance that we need to encourage back into the workforce.
- This legislation will help keep our businesses located in the State by remaining competitive. We have States that share our borders with competitive advantages, such as stronger tax exemptions.
- We've repeatedly seen Companies with tax incentives pick up and move. Our services must be provided here in Connecticut, so our "Jobs Stay Here".

I hope that I have helped convince you that this legislation for a wide variety of reasons makes good common business sense, and that will have an overall positive outcome for the State and its citizens.